

Narrative for *SoonerPlan* Demonstration Budget:
File: BudgetNeutrality.xls\input data

WITHOUT WAIVER

BASIC FP SERVS--All current eligibles

[C5] Persons = **120,866**

The number of Medicaid enrolled females ages 15-44 in 2001 (SOURCE: HCFA 2082 - Section D(1) for 2001).

[E5-I5] Projected number of eligibles under current guidelines: The number of eligibles in 2001 is increased by 1% per year, which is the average annual rate of growth experienced by the population of Medicaid enrolled females ages 15-44 for the period 1995-2001 (see file: FinalWorksheet/Data Sources: cell [H5]).

[C7] Total \$ = **5,172,152**

A per capita base cost for family planning was calculated for 1995 by OHCA: total family planning expenditures (\$4,034,923) in 1995 divided by total Medicaid enrolled females 15-44 in 1995 (114,826) (SOURCE: HCFA 2082 – Total family planning expenditures from Section B(3)). The per capita cost (\$35.14) is increased by 3.0% per year, which is the identified cost trend.

To calculate 2001 total Basic FP costs for current Medicaid eligibles: the 2001 per capita base cost (\$41.96) is multiplied by the number of Medicaid enrolled females 15-44 in 2001 (120,866) then added to Medicaid Administrative expenditures for Family Planning for FY 2001 (\$100,615: SOURCE: Medicaid Financial Management Report for FY 2001 from CMS-64 and CMS-21).

DELIVERIES

[C9] Persons = **22,294**

CMS formula for projecting Medicaid deliveries: The number of Medicaid deliveries in the previous year divided by the number of Medicaid enrolled females 15-44 for the previous year, then multiplied by the number of Medicaid enrolled females 15-44 for the current year.

The number of Medicaid births in 2000 was 21,853 (SOURCE: OHCA report on deliveries – Report ID TS2263/TS2098). The number of Medicaid enrolled females 15-44 in 2000 was 118,475 (SOURCE: HCFA 2082 - Section D(1) for 2000). From [C5] above, the number of Medicaid enrolled females ages 15-44 in 2001 was 120,866.

Estimated number of Medicaid deliveries for 2001:

$$(21853/118475)*120866 = 22,294$$

[C11] Total \$ = **64,944,815**

A per delivery cost (\$2276.90) for 1995 was calculated by OHCA (SOURCE: OHCA report on deliveries - Report ID TS2263/TS2098 - Hospital Costs) then increased by 3.0% per year, which is the identified cost trend. To calculate 2001 total costs for Medicaid deliveries: after adjusting for higher OMB rates for Native American deliveries at IHS facilities¹, the 2001 per delivery base cost (\$2749.42) is multiplied by the number of Medicaid deliveries in 2001 (22,294) then added to estimated Administrative expenditures for deliveries for FY 2001.

The cost for Administrative expenditures for deliveries in 2001 is calculated as 2.44% (SOURCE: OHCA) of the total administrative costs in 2001, \$149,559,238 (SOURCE: CMS-64 Report for FY 2001).

Total cost for Medicaid deliveries in 2001:

$$(\$2749.42*22294) + (\$149559238*.0244) = \$64,944,815$$

¹ see file: FinalWorksheet.xls:\NatAmer for adjustment calculations

FIRST YEAR COSTS (BABIES)

[C13] Persons = **22,294**

See [C9], assumes an equal number of births to moms.

[C15] Total \$ = **72,121,922**

A per infant first year of life cost for 1995 (\$2563.00) was calculated by OHCA (SOURCE: OHCA report on deliveries - Report ID TS2263/TS2098 - Hospital Costs), then increased by 3.0% per year, which is the identified cost trend. To calculate total Medicaid first year costs in 2001: after adjusting for higher OMB rates for Native American first year costs², the 2001 per infant first year base cost (\$3071.35) is multiplied by the number of Medicaid deliveries in 2001 (22,294) then added to estimated Administrative expenditures for deliveries for FY 2001.

The cost for Administrative expenditures in 2001 for infants first year of life is calculated as 2.44% (SOURCE: OHCA) of the total administrative costs in 2001, \$149,559,238 (SOURCE: CMS-64 Report for FY 2001).

Total Medicaid first year costs in 2001:

$$(\$3071.35 * 22294) + (\$149559238 * .0244) = \$72,121,922$$

WITH WAIVER

EXPANDED FP--eligibles

[C26] Persons = **86,675** (*Ages 19 and older, applicable under the waiver*)

Includes the following groups in 2001:

- 1) The number of Women In Need (WIN) of publicly-funded family planning services whose incomes are 101% - 185% FPL³ (SOURCE: Alan Guttmacher Institute (AGI) for 1997⁴, adjusted to reflect women ages 19-44; updated to reflect Oklahoma's population in 2000 and 2001; and increased by 8% to reflect Oklahoma's current downward economic trend⁵).

2001 number of females 19+ in expanded waiver population.....68,171

- 2) Women with a Medicaid-reimbursed delivery. Currently, family planning services to these women covered by Title XIX occur within 60 days, or 2 months post partum, reflecting a limited duration of benefit coverage (2 months divided by 12 months = .17 of the year already covered). Under the waiver, family planning benefits would extend for a full year, for an additional .83 coverage (1.0 minus .17 = .83). In 2001, .83 coverage multiplied by 22,294 eligible women translates to18,504

2001 TOTAL EXPANDED FP Eligibles 86,675

²see file: FinalWorksheet.xls:\NatAmer for adjustment calculations

³ assumes poorest women already covered under existing Medicaid program

⁴ see www.agi-usa.org/tablemaker: Contraceptive Needs and Services by Age and Poverty Level for Oklahoma

⁵ see file: FinalWorksheet.xls:\eligibles for adjustment calculations

[E26-I26] Projected number of *EXPANDED FP* eligibles⁶:

The base number of females 19+ in the expanded waiver population in 2001 is increased by 0.3% per year, which is the growth rate Oklahoma's population experienced 2000-2001.

Also, the following groups are added to the expanded population 2003-2007:

- 3) Sterilizations: Since the actual number of non-Medicaid reimbursed sterilizations performed each year varies according to the amount of funds appropriated, a flat estimate of 250 tubal ligations and 50 vasectomies each year is used for the purpose of the budget neutrality schedule.
- 4) Males expected to receive services: 1000 in 2003; 1000 in 2004; 2000 in 2005; 3000 in 2006; and 3000 in 2007.

EXPANDED FP (per capita cost)

[C27] Per Capita \$ = **111.01**

The per capita cost is calculated as (FP service cost plus estimated administrative cost) divided by the number of eligibles. FP service cost is based on the number of expected clients, the number of expected visits and the average blended Medicaid reimbursement rate (\$163.60 for an initial visit and \$22.75 for a follow-up visit). To estimate administrative costs for the expanded group, the per capita administrative cost was calculated first for existing eligible females 15-44 (\$100,615 divided by 120,866 = \$0.83) and then applied to the expanded group (\$0.83 multiplied by 87,938 = \$73,204).

Expanded FP clients: 2001

	With waiver
1. expected new clients (from eligibles, births averted worksheet, [F40])	13,332
2. clients converted from Title X (from eligibles, births averted worksheet, [F36])	38,611
3. Medicaid moms (@.83 uncovered months for FP)	18,504
4. Medicaid moms expected to receive Waiver FP (AGI: 45.1%--assumes Med moms will use FP same as moms, statewide)	8,345
5. total female clients expected to receive Med FP services (line 1 + line 2 + line 4)	60,288

Estimated Medicaid FP costs: 2001

6. avg blended Med reimbursement for initial + re-visit (\$163.60 + \$22.75) for female clients expected to receive svcs\$	11234675.00
7. total visits (1.7 avg visits per client) expected for female clients expected to receive svcs	102,490
8. avg blended cost per visit	\$ 93.18
9. avg cost per client (1.7 visits per client)	\$ 158.40
10. total service cost for expected clients	\$ 9,549473.75
11. FP administrative cost	\$ 100,615.00
12. number of eligibles - females 15-44	120,866
13. admin per capita cost per eligible population	\$ 0.83
14. expanded eligible population	86,675
15. total admin cost for expanded eligible population	\$ 72,152.99
16. total Med FP cost [line 10 + line 15]	\$ 9,621,626.74
per capita Medicaid FP cost	\$ 111.01

NOTE: Although there appears to be a large difference between the per capita cost for basic Medicaid family planning services without the waiver (\$42.79) compared to the per capita cost for expanded family planning with the waiver (\$111.01), it is important to note: 1) the expanded group (with waiver) is characterized by a higher number of family planning users and a smaller pool of eligibles from which to spread costs, while the group currently eligible (without waiver) is characterized by fewer family planning users and a larger pool of eligibles to spread costs; 2) the estimated cost *per visit* in 1998 for Medicaid family planning (without waiver) was \$254.27 while the estimated average cost *per visit* in 2001 for the expanded group (with waiver) is \$93.88.⁷

⁶ see file: FinalWorksheet.xls:**eligibles, births averted** for expanded family planning eligibles for 2003-2007

⁷ see file: FinalWorksheet.xls:**Med FP Cost**

SYSTEMS

[E22] Total \$ = 260,382	
Includes the following costs for 2003 ⁸ :	
1) Processing fee @ (\$1.33) per visit x 106,381 visits	= \$141,921
2) ID cards @ (\$1.25) x 62,577 expanded FP expected to use services	= \$ 78,461
3) HelpLine	= <u>\$ 40,000</u>
2003 Systems Total	= \$260,382

PUBLIC AWARENESS

[E23] Total \$ = 150,000 for 2003	
[F23] Total \$ = 100,000 for 2004	
[G23] Total \$ = 100,000 for 2005	
[H23-I23] and \$0 thereafter.	

EVALUATION

[E24] Total \$ = 100,000 for 2003	
[F24-I24] Total \$ = 100,000 per year for Waiver Evaluation.	

Methodology for Delivery Reduction

The average delivery reduction is based on the number of previously unserved women who become newly eligible and receive family planning services, thereby avoiding unintended pregnancy. Calculations are based on historical outcomes documented by the Alan Guttmacher Institute (AGI), a nonprofit organization focused on sexual and reproductive health research, policy analysis and public education.

According to AGI, in Oklahoma⁹, publicly funded family planning services help 94,450 women avoid 22,000 unintended pregnancies each year, for a ratio of .233 pregnancies avoided per woman served. By applying this ratio (.233) to the number of new female clients (12,836) expected in the expanded waiver population in 2003,¹⁰ it is expected that 2,991 unintended pregnancies will be averted. Also according to AGI, 71% of pregnancies in Oklahoma result in live births. Applying this figure to expected pregnancies averted yields 2,123 new births averted by women using publicly funded family planning services. Since 25% of averted births will be considered in the budget neutrality schedule for Year 1, this translates to 531 averted births in 2003.

In 2004, the first full year of delivery reduction to be considered, 2,399 averted births and 22,970 Medicaid births are expected (10.4% delivery reduction); in 2005, 2,671 averted births and 23,199 Medicaid births are expected (11.5% delivery reduction); in 2006, 3,017 averted births and 23,431 Medicaid births are expected (12.9%); and in 2007, 3,407 averted births and 23,666 Medicaid births are expected (14.4%). The average delivery reduction for the four complete years of births averted is 12.3%.

⁸ see file: FinalWorksheet.xls\Systems for 2004-2007 costs

⁹ Contraception Counts: Oklahoma @ www.agi-usa.org/pubs/state_data/states/oklahoma.html

¹⁰ see file: FinalWorksheet.xls\eligibles, births averted for all calculations and years 2004-2007